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CHAIRMAN'S ADDRESS

The attached Chairman's Address will be delivered at today's Annual General Meeting of Two Way TV Australia Limited.





First Annual General Meeting of Shareholders

31 October 2005

Chairman's Address

2005 was a year in which we were aggressively laying the foundations for our growth. While our progress cannot yet be measured in terms of earnings contribution, the development work we completed last year was significant. This involved putting a considerable number of stakes in the ground in as many areas as possible, an essential part in positioning our Company well for the future.

It has become abundantly clear to us that the greatest growth potential for Two Way lies in the Asian markets. The delays we have encountered in securing a broadcast distribution agreement for our interactive racing product in Australia have enabled us to redirect our resources into the Asian markets, where we see much greater upside in the medium term. Before I discuss some of these opportunities in more detail I would like to revisit the substantial progress Two Way has made since listing 10 months ago.

If we cast our minds back to the time of our IPO, your Company at that time had the rights under licence, to the Two Way Media (UK) products for Australia and New Zealand. We then acquired the options over the licences for the Two Way Media products for 26 territories in Asia including India, Japan, China and Hong Kong. This represents a significant share of the world's population, and highlights the obvious appeal of these markets.

However, many of these markets do not have sophisticated set top technology which is return path enabled – that is the viewer can receive a television picture, but there is no way for them to send responses back to the broadcaster.

There were two very important developments for Two Way during 2005 which will be key to addressing this issue in these hugely populated Asian markets and both of them involve the mobile telephone.

While set top box penetration may be low in Asia, mobile telephone penetration is, generally speaking, high and growing exponentially. With this in mind, we signed a licence agreement with Zone4Play under which we acquired the rights to a series of live gambling and play for fun gaming products to be delivered via the mobile phone. These products, which include traditional casino games, lotteries, sports betting and racing, can run on 2.5G or 3G mobile telephony or on interactive television.

In addition, the launch of our Simcast business-gave us a way of utilising our interactive expertise in markets with little or no set-top box interactivity. Simcast is a mobile to television platform developed by Two Way Media (UK) and, therefore, available to Two Way TV under our licence agreements.

Simcast allows a viewer's mobile phone to act as their television remote control. We launched the business in New Zealand in January, with a three year contract with Prime Television New Zealand. We have subsequently signed contracts with Sky News in Australia and ATV in Hong Kong, and have completed a successful trial with Star TV's Indian operation. Further negotiations with broadcasters in Australia and Asia are at advanced stages.

The services to date are relatively simplistic, allowing viewers to vote or send in messages using their mobile. The votes are automatically collated and translated into real time, dynamic 3D graphics on screen, allowing viewers to track the voting outcomes throughout the program.

The capabilities of Simcast are, however, much more sophisticated, allowing viewers to play along with quiz games, play along with predictive games within sports broadcasts and participate in "blockbuster" television events. Simcast has significantly increased our addressable market in terms of potential customers and its strategic importance should not be underestimated.

With these products in our armory, we are well placed to launch our campaign in Asia. We have focused our attentions to date on Hong Kong because there are a number of operators based there, many of whom service a number of heavily populated countries in the region from a Hong Kong hub. It is also a sophisticated market in terms of mobile telephony and Pay Television uptake.

In Hong Kong, we have been delighted with the progress we have made. We are in active discussions with the major broadcasters. Subsequent to the end of the year, we signed our first Asian contract – with Hong Kong free to air broadcaster, ATV. We recently launched a Simcast service with ATV which allows viewers to vote on events happening within a television show about European soccer. Incidentally soccer is extremely popular in Hong Kong and China, with stellar growth in gambling on the sport.

We also completed successful trials with Hong Kong telecommunications group, PCCW, and Star TV in India. Turning to the trial with PCCW first, this was a trial games channel on PCCW's NOW Broadband TV subscription network – an internet protocol television (“IPTV”) network. This was the first time that our games channels had been broadcast over an IPTV system. We believe that gaining IPTV experience will prove invaluable to us in the short to medium term. We are now working with PCCW to assess the prospects for a commercial launch of the service.

Our technical trial with Star TV's operation in India involved a Simcast voting service on music channel, Channel V. We are now in discussions with Star TV with regard to further opportunities in its broadcast coverage area. This is certainly an area in which we are focusing a significant amount of effort.

While the ATV contract and the technical trials were completed subsequent to financial year end, the vast majority of the work was undertaken in the 2005 year. This lead time, in which we are working with the broadcasters to educate them about the potential in our products, highlights the infancy of the interactive television market and gives you a flavour of the enormous amount of time and behind the scenes development that goes into a trial or commercial launch.

While we believe Asia offers us the greatest potential for growth in the future, we did not neglect our home markets of Australia and New Zealand. In Australia, we have and continue to be engaged in active discussions with all free to air and pay broadcasters. We recently launched our Mindgames channel on SKY New Zealand. This service is similar to our Australian games channels and has had a very successful launch. Earlier this month, we launched our pay-per-play service on Foxtel, with viewers now able to play the enormously popular Sudoku game on interactive TV for the first time. As you can see we have had a very productive start to the 2005 financial year.

One of our key areas of focus for the 2005 year was our interactive wagering product. As I mentioned previously, we have been disappointed with the delays we have faced in securing a broadcast agreement for this service. However in recent weeks we have been encouraged by the progress we have made. In addition, Foxtel has recently lodged with the ACCC proposed undertakings under which interactive channels can gain access to the Foxtel platform. While there is a long way to go, once these undertakings are accepted by the ACCC, they may offer us another avenue that can be explored. We remain optimistic of achieving a good result with a Pay TV partner.

When we released our 2005 earnings results, we issued revised earnings guidance for the 2006 year. With the first quarter of trading behind us, I can confirm that the company remains on track to meet the guidance issued at that time.

Finally on behalf of the Board, I would like to thank the management and staff of Two Way for the contribution they have made in the past year towards our shared vision of bringing exciting interactive television to viewers across not only Australia and New Zealand but also the Asian region.